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C O N F I D E N T I A L SECTION 01 OF 04 CARACAS 000041

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AMEMBASSY BERLIN PASS TO AMCONSUL LEIPZIG
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SUBJECT: CHAVEZ ASSERTS 2009 "ENDED WELL"

REF: 09 CARACAS 216; 09 CARACAS 1351; 09 CARACAS 1374
09 CARACAS 1551; 09 CARACAS 1367; 09 CARACAS 1475; 10 CARACAS 35
09 CARACAS 398; 09 CARACAS 985; 09 CARACAS 1086; 09 CARACAS 1563
09 CARACAS 322; 09 CARACAS 445; 09 CARACAS 539

CLASSIFIED BY: Robin Meyer, Political Counselor; REASON: 1.4(D)

¶1. (C) Summary: On December 30, President Chavez delivered a self-congratulatory review of the events of 2009, lauding accomplishments in health care, unemployment, education, the cost and availability of food, the strengthening of the armed forces, and the handling of the recent bank crisis. He asserted that the GBRV had "taken the bull by horns" in addressing the country's rampant crime problems and had enjoyed its "most successful year ever" in fighting narcotrafficking. Chavez belittled the opposition parties, characterizing as "Mission Impossible" their attempt to win a majority in the upcoming legislative elections. Notwithstanding his rosy report, other indicators chart Venezuela's decline in 2009: homicide soared, widespread water and power rationing were imposed, and the GBRV increased its control over state and local governments, education, and the media. Chavez will present his "state of the union" address on January 15. End Summary.

Referendum Victory was Political High Point

¶2. (C) President Chavez began his wrap-up broadcast on December 30 by noting the year's political high point - the success of the constitutional referendum to end term limits for elected officials, which passed with nearly 55% of the vote (ref A). Chavez also touted the consolidation of power of his ruling United Socialist Party of Venezuela (PSUV), noting that according to polls, the party "enjoys 700 percent more support than the closest counterrevolutionary party." (Note: On polling questions relating to party identification, the PSUV generally receives 30-35% support. The largest opposition party, Democratic Action (AD), receives between 4-5%, while the combined political opposition receives approximately 15-20%. End Note.)

¶3. (C) Polling data for 2009 charts a significant slip in Chavez' public standing since the referendum victory. A November Hinterlaces poll showed that Chavez' overall job approval had slipped from 51% to 39% since February. An October poll by Datanalisis showed a drop in public confidence in Chavez from 42% to 30% since February. On the issues of education, health care,

and food - all areas where Chavez has devoted ample energy and resources - approval of his performance dropped 15-18% between February and November.

The Year of "Social Focus"

¶4. (C) Chavez trumpeted the GBRV's ability to "ride out" the "brutal systematic crisis of the capitalist economic model" in 2009. Due to savvy budget planning at the start of the year that estimated petroleum income lower than the final result, he claimed, the GBRV was able to augment spending by 16% and thereby increase social investment, "which for us is essential and sacred." Chavez described 2009 as a year of "Social Focus" for the GBRV, with particular emphasis on the "social missions." He cited statistics to show major improvements in the "Barrio Adentro" medical program, which he had "re-launched" in October 2009 following a wave of

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media criticism. "At that point we had 358 centers without the services of a doctor, and 3,142 centers open part-time; today every single center has a doctor, and only 1,687 are attended part-time." Chavez claimed the GBRV's program to provide subsidized food to poor families, "Mercal," had assisted ten million people and "saved them an average of 60 percent in food costs." He also highlighted the new "Mission Baby Jesus," inaugurated on December 23, which he said gave hope to thousands of pregnant women "who would not otherwise have had a place to give birth."

¶5. (C) Despite Chavez' lofty rhetoric, during 2009, serious flaws were exposed in these social missions, which had done much to help Chavez regain "hearts and minds" after the April 2002 coup attempt (ref B). The media reported that staffing and supply shortages continued to afflict the "Barrio Adentro" program and regularly cited health experts who denied that the program was having a positive health impact despite the billions spent on its implementation (ref C). The media also reported the increasing strain on the country's public hospitals, which are strapped for doctors and resources, some of which have been diverted to "Barrio Adentro" (ref D). Even the founding of the "Mission Baby Jesus" may have been in response to media coverage of the collapse of the maternity hospital system.

Crime and Drugs: "We Have Taken the Bull by the Horns"

¶6. (C) Chavez praised GBRV counternarcotics officials for the "most successful year in our history" in fighting drug trafficking based on figures released by the National Anti-Drug Office (ONA) the day before. (Note: ONA Director Nestor Reverol had announced that the GBRV had seized 60 tons of drugs in 2009, six tons more than in 2008, of which 53% was marijuana and 46% cocaine. End Note.) Chavez also asserted that the GBRV had "taken the bull by the horns" in fighting crime and insecurity, and referred to the birth of the new Bolivarian National Police on December 20 as having a "great social impact." He cited the "loss of human values" for the crime threat, and cast blame on the "egotistical culture of capitalism" for that loss. However, Chavez acknowledged that in the fight against narcotrafficking, paramilitaries, kidnappings, and crime, "we are far from being able to declare victory."

¶7. (C) According to the U.N. Office of Drugs and Crime 2009 World Drug Report, the GBRV's own figures show that its seizures of cocaine, crack, and heroin have all slipped from 45-80% since 2005, when the government terminated strategic counternarcotics collaboration with the U.S. Year-end estimates indicate that

Venezuela finished 2009 with approximately 19,400 homicides, about 33% more than in 2008. Recent polls have consistently shown that 85-90% of respondents disapprove of Chavez' performance on the issue of crime/insecurity.

Water and Electricity Rationing

¶8. (C) Chavez expressed appreciation to the Venezuelan people for its "conscience and good spirit" in recognizing the nation's water and electricity supply problems (Ref E), which he blamed on a "drought brought on by global climate change." He said the GBRV would seed clouds in the Guayana region where the country's largest dams were located and that the GBRV had already imposed a forced reduction of electricity consumption among the mining and processing "basic industries" in Guayana.

¶9. (C) In the opinion of most experts, Venezuela's deteriorated electrical distribution infrastructure, the result of years without adequate maintenance, is the cause of the increasing

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electricity shortages and blackouts, not the weather (Ref F). Furthermore, most observers have criticized the haphazard measures that the GBRV has implemented in response (Ref G), such as those affecting production lines at the basic industries that will have significant economic impact.

Political Opposition Campaign is "Mission Impossible"

¶10. (C) Chavez belittled his political opposition, referring to them as "blind and hateful" and affirming they were "disappointed that 2009 did not turn out to be a disaster, as they had predicted and hoped." With regard to the September 2010 National Assembly (AN) elections, Chavez said, "I have a mission for them, too. I call it 'Mission Impossible'... they will have to work very hard to beat us, won't they?" Chavez offered a warning that if the opposition gained a majority in the AN elections, Venezuela would enter a "phase of destabilization... they would eliminate laws, reconvert the Armed Forces back into an organ of repression, and sabotage the Revolution." He warned: "We cannot permit them to win the majority. We will do what we have to do."

The Government's Grip Tightens through New Laws...

¶11. (C) Chavez called attention to new laws on education, the electoral system, the banking system, community councils, and reform of the armed forces. The enhancement of central government authority was a common theme in many of the 49 laws passed in 2009. Of these new laws, Attorney Carlos Vecchio of the opposition Popular Will Movement (MVP) publicly characterized 22 as being directed towards strengthening the GBRV's political control. Some of these laws included: the Justice System Law and Judge's Code of Ethics, which further diminished the independence within Venezuela's court system and made it easier for the executive and legislative branches to discipline or remove magistrates (Ref H); the Law on Electoral Processes, which gave the National Electoral Council substantial discretionary authority over all electoral issues, including the design of voting districts (Ref I); the Law on Education, which enabled the central government to exert greater control over the ideological content of the curriculum and international assistance (Ref J); and reforms to the Law of the Bolivarian National Armed Forces (Ref K).

¶12. (C) Vecchio also characterized 19 of the new laws as strengthening the GBRV's economic control. One of the most important of these laws was the Law on Decentralization, which enabled the GBRV to take control over state infrastructure, goods, and services that are "in the general public's interest" (Ref L).

¶13. (C) Finally, Vecchio noted that more than a dozen of the new laws restricted or eliminated the duties and authorities of elected mayors and governors in order to "create a parallel state that serves as a direct link between the 'monarch' and his 'subjects.'" The most significant of these laws included: the Federal District Law, which created a Chavez-appointed Vice President of the Republic for Caracas and eviscerated the authority of the opposition Mayor of Greater Caracas (Ref M); and the Law on Community Councils ("Consejos Comunales"), which facilitated the channeling of central government funds to local bodies, thereby bypassing democratically elected governors and mayors who may not share the GBRV's priorities (septel).

...And through Regulatory and Legal Controls

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¶14. (C) Chavez lamented the "merciless bombardment" of the people by "capitalist forces through their media" that undermined efforts to orient the Venezuelan people about the "value of socialism." During 2009, the GBRV made head roads into limiting the private media through both regulatory and legal actions. It closed 34 private radio and television stations, threatened to close an additional 240, promulgated regulations that would effectively end syndicated broadcasts, and subjected the private Globovision television station and its owners to numerous administrative sanctions and legal charges.

¶15. (C) The GBRV also targeted Chavez' perceived political enemies (Ref N), charging former Maracaibo Mayor Manuel Rosales, General Raul Baduel, and former Aragua Governor Didalco Bolivar with corruption. While Rosales and Bolivar sought political asylum in Peru, Baduel, one of the key figures in returning Chavez to power after the April 2002 coup, remained in prison at year's end. Chavez also threatened opposition governors in the border states of Tachira and Zulia with prosecution for alleged collaboration with Colombian paramilitaries and had the Public Ministry open an investigation against opposition Miranda Governor Capriles Radonski.

Comment

¶16. (C) Pep speech notwithstanding, Chavez appears concerned that popular discontent over the economic downturn, electrical and water shortages, and failing social services may affect the PSUV's prospects in the September legislative elections. During the coming year, we expect further legislation to institutionalize the "Bolivarian revolution," a high level of government spending on immediate, tangible social programs to benefit his electoral base, and ever sharper actions to restrict or silence political and media opponents.
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